

AMENDED IN ASSEMBLY JANUARY 23, 2014
AMENDED IN ASSEMBLY JANUARY 13, 2014
AMENDED IN ASSEMBLY JANUARY 6, 2014
AMENDED IN ASSEMBLY SEPTEMBER 3, 2013
AMENDED IN ASSEMBLY MARCH 21, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 495

**Introduced by Assembly Member Campos
(Coauthor: Assembly Member Dickinson)**

February 20, 2013

An act to add Article ~~6~~ 6.5 (commencing with Section ~~12099~~ 12099.20) to Chapter 1.6 of Part 2 of Division 3 of Title 2 to the Government Code, relating to community investment.

LEGISLATIVE COUNSEL'S DIGEST

AB 495, as amended, Campos. Community investment.

Existing law authorizes the Governor's Office of Business and Economic Development to, among other things, advance statewide economic goals.

This bill would establish the California Community Investment Program within the Governor's Office of Business and Economic development. The program would be governed by a 14 member California Community Investment Council comprised of 6 citizens appointed by the Governor, 4 members of the Legislature, the Treasurer, the Controller, the Secretary of the Business, Consumer Services, and

Housing Agency, and the Director of the Governor's Office of Business and Economic Development, as specified.

The program would be required to create a database of low-income neighborhoods, compile and maintain an inventory of California public sector funding resources and financing mechanisms, coordinate public sector financial investment and public programs to assist low-income communities to become business, development, and investment ready, develop criteria for triple bottom-line ~~equity investment~~ funds, establish overall triple bottom-line goals and standardized metrics for economic, social, and environmental outcomes to be accepted by eligible investment funds, establish and convene regular meetings of the California Community Investment Network comprised of organizations and institutions with expertise and resources to advise the California Community Investment Council and eligible investment fund managers, and report biannually to the Legislature and the Governor on the status and progress of the California Community Investment Program and performance on goals and triple bottom-line outcomes, as specified.

The bill would require the program to encourage significant private sector commitment, cooperation, and collaboration to invest private capital in low-income neighborhoods through eligible triple bottom-line investment funds with the goal of obtaining, by January 1, 2019, at least \$1,000,000,000 of new investment by triple bottom-line investment funds in triple bottom-line real estate developments and businesses located in low-income California neighborhoods.

This bill would also make legislative findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 California Community Investment Program.
- 3 SEC. 2. The Legislature finds and declares all of the following:
- 4 (a) Despite having the largest state economy in the United States,
- 5 California has the highest poverty rate of any state, according to
- 6 the United States Census Bureau's new definition of poverty that
- 7 takes cost of living into consideration, with nearly a quarter of its
- 8 residents living in poverty.
- 9 (b) In this era of public budget constraints, public sector dollars
- 10 are insufficient to solve the problems of low-income

1 neighborhoods. Therefore, private sector market forces need to be
2 engaged to make substantial investments that produce a risk
3 adjusted market rate of return.

4 (c) Low-income neighborhoods constitute domestic emerging
5 markets with significant purchasing power and location
6 efficiencies, but suffer from social, public safety, broadband, and
7 physical infrastructure problems that contribute to market
8 prejudices that lead to disinvestment.

9 (d) To overcome these problems and market prejudices,
10 low-income neighborhoods need to become business, development,
11 and investment-ready through a partnership of government, private
12 sector, community, and environmental leaders focused on
13 generating coordinated, focused, effective human services, public
14 safety, broadband, workforce, education, and physical
15 infrastructure.

16 (e) A new class of real estate and business developments is
17 emerging that actively pursues economically, socially, and
18 environmentally responsible outcomes. These real estate and
19 business developments often are the result of investments from
20 private sector investment funds that generate market-rate returns
21 to investors, but are also committed to improving economic, social,
22 and environmental conditions and characteristics for the existing
23 residents in these neighborhoods. These private sector investment
24 mechanisms often are referred to as “triple bottom-line” investment
25 funds.

26 (f) Triple bottom-line investment funds and the real estate and
27 business developments resulting from them are helping to reduce
28 poverty and improve the social and environmental dynamics of
29 low-income neighborhoods. Triple bottom-line investments can
30 be encouraged and the benefits from them can be enhanced and
31 accelerated by coordinated assistance from existing State of
32 California programs and funding resources.

33 (g) Many low-income neighborhoods are at transit hubs or have
34 the transit and mixed-use characteristics in place to make
35 development in them more climate friendly than development
36 elsewhere.

37 (h) The State of California should encourage responsible
38 businesses and real estate developments to locate and do business
39 in business and development-ready low-income neighborhoods in

ways that solve economic, social, and environmental problems rather than cause them.

(i) To accomplish this, the State of California intends to establish the California Community Investment Program to assist low-income neighborhoods by encouraging private sector investment consistent with the economic development and community improvement strategies of the cities, counties, and regions where they are located. It is the intent of the State of California that such private sector investment is accomplished without permanent displacement of existing residents in low-income neighborhoods.

(j) It is the intent of the Legislature that state agencies cooperate with the California Community Investment Program to align their resources to transform low-income neighborhoods and to attract private investments into these neighborhoods.

SEC. 3. Article 66.5 (commencing with Section 12099.20) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 66.5. California Community Investment Program

~~12099.~~

12099.20. For the purposes of this article, the following definitions shall apply:

(a) "Poverty" means the supplemental poverty measure, established by the United States Census Bureau in 2013 to incorporate cost of living in the established rate of poverty.

(b) "Triple bottom-line investment funds" include, but are not limited to, equity and debt investment vehicles that pursue market and above market rates of financial return while at the same time producing ~~good~~ *living wage* jobs, affordable housing, and other economic, social, and environmental benefits for the residents of the communities where the investments are made.

(c) "*Low-income*" means *households whose income does not exceed 80 percent of area median income.*

~~12099.1.~~

12099.22. (a) The California Community Investment Program is hereby established within the Governor's Office of Business and Economic Development.

1 (b) The program shall be under the direct authority of the
2 director.

3 (c) The purpose of the program is to:

4 (1) Encourage private sector investment in low-income
5 neighborhoods to improve the economic, environmental, and social
6 conditions for the existing residents, thereby helping improve the
7 overall economic, environmental, and social well-being for
8 California.

9 (2) Serve investors, employers, corporate executives, business
10 owners, and site location consultants who are considering
11 low-income neighborhoods for business investment and expansion.

12 (3) Coordinate state programs and funding resources that can
13 be used to address poverty reduction in California and to assist
14 low-income neighborhoods to become business, development, and
15 investment ready.

16 (d) The California Community Investment Program shall be
17 supported and staffed by the Governor's Office of Business and
18 Economic Development using existing resources.

19 (e) In implementing the program, the director shall establish
20 and implement a process for establishing public education programs
21 and providing technical assistance to private sector investors.

22 (f) The California Community Investment Program shall be
23 governed by a 14 member California Community Investment
24 Council comprised of:

25 (1) Six persons appointed by the Governor, comprised of three
26 members with private sector business or investment expertise, two
27 members with community development expertise, and one
28 representative of organized labor.

29 (2) Four members of the Legislature, two from the Senate
30 appointed by the Senate Committee on Rules, one from each of
31 the two political parties with the most representatives in the Senate,
32 and two from the Assembly appointed by the Speaker of the
33 Assembly, one from each of the two political parties with the most
34 representatives in the Assembly. The members shall be nonvoting
35 members of the California Community Investment Council and
36 shall participate in the activities of the council only to the extent
37 that their participation is compatible with their respective positions
38 as Members of the Legislature.

39 (3) The Treasurer.

40 (4) The Controller.

1 (5) The Secretary of the Business, Consumer Services, and
2 Housing Agency.

3 (6) The Director of the Governor's Office of Business and
4 Economic Development, shall serve as chair of the council.

5 ~~12099.2.~~

6 *12099.24.* The California Community Investment Program
7 shall do all of the following:

8 (a) Develop and annually update a database of low-income
9 neighborhoods in California by county and city with relevant
10 information about each neighborhood, including socioeconomic
11 demographic data, descriptions of pertinent characteristics to
12 inform private sector investments, such as local land use plans and
13 zoning or other development designations, and commitments from
14 local governments to support private sector investments. These
15 neighborhoods shall be known as California Community
16 Investment Neighborhoods. The California Community Investment
17 Council shall adopt criteria whereby an eligible low-income
18 neighborhood can become a California Community Investment
19 Neighborhood.

20 (b) Compile and maintain a current inventory of California
21 public sector funding resources and financing mechanisms that
22 may be allocated to or utilized in low-income neighborhoods.

23 (c) Coordinate public sector financial investment and public
24 programs to assist low-income communities that are eligible
25 California Community Investment Neighborhoods to become
26 business, development, and investment ready and to attract private
27 sector triple bottom-line fund investments.

28 (d) Develop and adopt criteria for identifying eligible triple
29 bottom-line ~~investments~~ *investment* funds that will serve as partners
30 and invest in enterprises and employers that generate permanent
31 *living wage* jobs, including investments to assist in starting-up,
32 locating, and expanding employers in low-income neighborhoods.

33 (e) Develop and adopt criteria for eligible triple bottom-line
34 investment funds that invest in real estate developments to assist
35 in constructing, expanding, renovating, and rehabilitating buildings
36 in low-income neighborhoods that accommodate all allowed land
37 use approved and permitted by the local government land use
38 regulations.

1 (f) Establish overall triple bottom-line goals and standardized
2 metrics for economic, social, and environmental outcomes that
3 shall be accepted by all eligible investment funds.

4 (g) Gather evidence and conduct public forums to identify a
5 broad array of incentives that will encourage triple bottom-line
6 fund investments in low-income neighborhoods.

7 (h) Establish and convene regular meetings of the California
8 Community Investment Network comprised of organizations and
9 institutions with expertise and resources to advise the California
10 Community Investment Council and eligible investment fund
11 managers.

12 (i) Report biannually to the Legislature and the Governor on
13 the status and progress of the California Community Investment
14 Program and performance on goals and triple bottom-line outcomes
15 pursuant to subdivision (f).

16 ~~12099.3.~~

17 ~~12099.26~~ The California Community Investment Program shall
18 encourage significant private sector commitment, cooperation, and
19 collaboration to invest private capital in low-income neighborhoods
20 through eligible triple bottom-line ~~equity investment~~ funds with
21 the goal of obtaining, *by January 1, 2019*, at least one billion
22 dollars (\$1,000,000,000) of new investment by triple bottom-line
23 investment funds in triple bottom-line real estate developments
24 and businesses located in low-income California neighborhoods.